

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
DIVISION BENCH-II, CHENNAI**

IBA/436/2020 filed Under Section 7 of  
the Insolvency and Bankruptcy Code,  
2016 read with Rule 4 of the Insolvency  
and Bankruptcy (Application to  
Adjudicating Authority) Rules, 2016.

**In the matter of M/s. Auromatrix Hotels Private Limited**

**M/s. Edelweiss Asset Reconstruction Company Limited**

Edelweiss House, Off C.S.T Road,  
Kalina, Mumbai-400098

....Financial Creditor

Vs.

**M/s. Auromatrix Hotels Private Limited**

[CIN: U55101TN2002PTC048848]

Plot No. 129, Developed Industrial Estate,  
Perungudi, Chennai-600096

....Corporate Debtor

**CORAM:**

**R.SUCHARITHA, MEMBER (JUDICIAL)**

**B. ANILKUMAR, MEMBER (TECHNICAL)**

For the Petitioner : *Ms. S. Indumathi Ravi, Advocate*

For the Respondent : *Mr. Roshan Atiq, Advocate*

**ORDER**

**Per: R. SUCHARITHA, MEMBER (JUDICIAL)**

**Order pronounced on: 08.04.2021**

It is an Insolvency and Bankruptcy Application IBA/436/2020  
filed under Section 7 of the Insolvency and Bankruptcy Code, 2016

by M/s. Edelweiss Asset Reconstruction Company Limited (hereinafter referred as "Financial Creditor") for initiation of Corporate Insolvency Resolution Process (CIRP) against the M/s. Auromatrix Hotels Private Limited (hereinafter referred as "Corporate Debtor") on the ground that the Corporate Debtor defaulted in paying Rs.51,05,90,359/-.

2. The counsel appearing on behalf of the Financial Creditor submitted that the Corporate Debtor, in the course of its business, had obtained loan facilities from Axis Bank and Punjab National Bank (PNB) Housing & Finance Limited (hereinafter referred to as "Assignor Banks").

3. On 22.12.2012, the Corporate Debtor availed overdraft loan facility from Axis Bank to the tune of Rs.4,30,00,000/- and executed security documents. The Corporate Debtor acknowledged debt on 25.05.2015 for repayment of Rs.44,09,28,292.87 but failed to repay the principal amount along with interest and other charges. Hence, the Corporate Debtor's account was classified as a Non-Performing Asset (NPA) on 31.12.2015. Similarly, on 28.11.2012, at the request of



Corporate Debtor, the PNB Housing & Finance Limited sanctioned a sum of Rs.13,93,69,297/- at the rate of 13.25% interest. The Corporate Debtor failed to repay the outstanding debt and the account was classified as a Non-Performing Asset (NPA) on 13.11.2015.

4. The Financial Creditor has acquired the outstanding dues of the Corporate Debtor owed to Axis Bank and PNB Housing & Finance Limited, under a Deed of Assignment dt.31.10.2018. Thus, the Financial Creditor is the assignee of the right, title and interest of the credit facilities sanctioned to the Corporate Debtor by Axis Bank and PNB Housing & Finance Limited. Necessary charge forms were filed by the Financial Creditor with the RoC pursuant to the assignment of debts by the Assignor Banks.

5. Subsequent to the assignment of debts by banks, at the request of the Corporate Debtor, the Applicant restructured the debts as follows with effect from 01.10.2018:

Assignor Bank	Total Dues (in Rs.)	RTL - I	RTL - II
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PNB Housing Finance Ltd.	20,67,52,574.39	12,70,00,000.00	7,97,52,574.39
Axis Bank Ltd.	6,32,15,344.21	4,50,00,000.00	1,82,15,344.21
<b>Total</b>	<b>26,99,67,918.60</b>	<b>17,20,00,000.00</b>	<b>9,79,67,918.60</b>

6. Consequent to the issuance of said sanction letter on 01.11.2018, the Corporate Debtor along with guarantors/promoters executed a *Restructuring Priority and Finance Agreement* on the same day acknowledging the initial loan agreement entered into with the Assignor Banks and subsequent restructuring entered into with Applicant along with terms and conditions for repayment of loan amount. The above mentioned loans were also secured by various immovable properties of the Corporate Debtor and Promoters/Guarantors vide separate Memorandum of Deposit of Title Deeds executed on 02.11.2018. As part of the sanction letter, a Priority Loan to a sum of Rs.12,80,00,000/- was sanctioned to the Corporate Debtor on 02.11.2018 and 20.02.2019.

7. The Corporate Debtor neglected to make payments agreed under the Restructuring and Priority Finance Agreement but paid a



meagre sum towards default interest. Pursuant to this, the Applicant on 12.12.2019 has revoked the restructuring agreement and sent notice on 29.01.2020 calling upon the Corporate Debtor and Guarantors to pay outstanding dues in respect of Existing Term Loan of Rs.34,80,00,213/- and Priority Loan of Rs.15,82,98,379/- as on 28.01.2020 along with interest at the contractual rate as agreed under the restructuring agreement. As on 10.02.2020, the total outstanding financial debt is Rs.51,05,90,359/-.

8. The Applicant has enclosed Form-II written consent of the proposed Interim Resolution Professional Mr.T.V. Balasubramanian, Regn. No. IBBI/IPA-001/IP-P00198/2017-2018/10388) along with the petition.

9. In the counter filed by the Respondent, it is averred that the revenues of the Respondent Company became lesser due to slower GDP rate, recession and Covid-19 Pandemic during the year 2018 to 2020. It is further averred that the Respondent submitted that the exclusion of lock down period as observed by the Hon'ble Supreme Court and Hon'ble NCLAT may also be taken into consideration.

10. The Counsel for Respondent submitted that the Applicant had acknowledged e-mail dated 08.01.2021 for the alternative proposal in restructuring of loan facilities and that if the loan facilities are restructured then, the Respondent Company would be able to settle off its dues as per restructured plan.

11. It is stated that the Respondent having paid almost 25% of the claim amount and both the parties are in active discussions to arrive at a restructure, the respondent should not be subjected to the rigors of IBC proceedings.

12. On looking at the facts available, this Adjudicating Authority is of the view that:-

(i) The Respondent/Corporate Debtor has availed various credit facilities from the Assignor Banks which was legally assigned to the Applicant herein.

(ii) The Corporate Debtor itself admitted its failure to repay the debts and literally not in a position to resolve the claim of the Applicant.



(iii) Therefore, the submissions made on behalf of the Respondent/Corporate Debtor are not valid ground for rejection of the present petition and the case laws relied in respect of timelines by the Respondent are not applicable to the present case as the facts and circumstances are otherwise.

13. Moreover, upon perusing the documents placed before this Tribunal, the debt falls within the definition of a “**Financial Debt**” as defined under Section 5 (8) of the Insolvency and Bankruptcy Code, 2016. The Applicant has clearly established that there is existence of a “**Financial Debt**” and the default committed by the Corporate Debtor.

13. In view of the aforesaid reasons, the instant **IBA/436/2020** is hereby **admitted** with the following directions:

I. That moratorium is hereby declared prohibiting all of the following actions, namely,

*a) The institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;*



- b) *Transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;*
- c) *Any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;*
- d) *The recovery of any property by a owner or lessor where such property is occupied by or in the possession of the corporate debtor.*

II. That the supply of essential goods or services of the Corporate Debtor shall not be terminated or suspended or interrupted during moratorium period. That the provisions of Sub-section (1) of Section 14 of IBC shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

III. That the order of moratorium shall have effect from the date of issue of order till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section (1) of section 31 of



IBC or passes an order for liquidation of Corporate Debtor under section 33 of IBC, as the case may be.

- IV. That looking at the written consent of IRP, this Bench hereby appoints **Mr. T.V. Balasubramanian, Regn.No. IBBI/IPA-001/IP-P00198/2017-2018/10388, 91-92 VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai-600004, E-Mail ID: [tvbalu@pkfindia.in](mailto:tvbalu@pkfindia.in)** to act as Interim Resolution Professional (IRP), to carry the functions as mentioned under the Insolvency and Bankruptcy Code. Fee payable to IRP/RP shall be in compliance with the IBBI Regulations/Circulars/Directions issued in this regard.
- V. The IRP so appointed shall comply with the provisions of sections 13(2), 15, 17 & 18 of the Code. The directions, promoters or any other person associated with the management of Corporate Debtor are directed to extend all assistance and cooperation to the IRP as stipulated under Section 19 and for discharging his functions under Section 20 of the I&B Code.

VI. That the public announcement of the Corporate Insolvency Resolution Process shall be made immediately as specified under section 13 of IBC.

VII. The petitioner/financial creditor as well as the Registry is directed to send copy of this order to IRP on his appointment so that he could take charge of the Corporate Debtor's assets etc. and make compliance with this order as per the provisions of the I&B Code.

14. The Registry is also directed to immediately communicate this order to the Financial Creditor, Corporate Debtor and Interim Resolution Professional by way of e-mail.

15. With the above directions, this IBA/436/2020 hereby is allowed.

-sd-  
**(ANIL KUMAR B)**  
MEMBER (TECHNICAL)

-sd-  
**(R. SUCHARITHA)**  
MEMBER (JUDICIAL)

KNP